

# Memorandum



**Date:** March 6, 2007

Agenda Item No.

12(B)5

**To:** Honorable Chairman Bruno A. Barreiro and  
Members, Board of County Commissioners

**From:** George W. Burgess  
County Manager

A handwritten signature in black ink, appearing to read "George W. Burgess", written over the printed name and title.

**Subject:** Performing Arts Center Progress Report

## **Project Status**

As previously reported, with a tremendous amount of effort the Center was successfully opened to the public for its debut in September 2006, with the gala celebration following close behind. We all can be proud of this iconic world-class facility. Work on the project is quickly drawing to a close with a final completion date schedule for late March 2007. As such, the following report outlines the remaining activities that are continuing in order to close out all the open contracts on the project.

## **Punchlist**

In order to fully close the contracts with PACB and designers, all unfinished work must be documented, corrected and verified through the development of a punchlist. While that process began before the Occupancy Certificate was received, due to the amount of work involved and the complexity in managing this effort, this work continues. The entire list has now been developed and the current projection is that the vast majority of these issues will be completed by the end of February 2007. It is important to understand that the completion of this work must be closely coordinated with the operations of the Center to preclude any impact the construction effort may have on the production of a show or event. Additional consideration and oversight must be given to maintain the scope required by the prime contract as additional scope or repairs due to operational damage are not part of the original contract. To date, the majority of the items associated with the public areas of the facility have been completed with the main emphasis now being directed toward the back of house and service areas.

As previously mentioned, it is anticipated that this work, as well as the final certifications required by the contract for the work to be established as complete, will be received by the end of February 2007. It is expected that all the remaining items will either be warranty items or latent items discovered through the use and operation of the facility. All the information necessary to manage the warranty and latent issues is being prepared and will be handled through the County's representative in close coordination with PACT.

## **Ongoing Audits by the Audit and Management Services Department**

In July 2004, under the Restructuring Agreement pursuant to Change Order 73 (R-1021-04), the Board approved \$35 million to settle claims known through June 30, 2004 (\$29.6 million settled the 12 major subcontractors). The County retained the right to audit PACB and the 12 settlements for the purpose of verifying that PACB and the subcontractors, at a minimum, incurred actual costs for the settlement amounts. If such audit concluded that PACB had not

incurred actual cost to the extent of the settlement amounts, the County is entitled to setoff such amount from any payments otherwise due PACB. The Audit and Management Services Department has completed 10 of the 12 major subcontractors and these audits have already been transmitted for your review and information. The remaining 2 audits are expected to be completed by the end of February. I will continue to keep you apprised as the remaining audits are completed. As stated above, before any of the 12 major subcontractors are closed out, any amounts due because of the audit findings will be adjusted before final payment.

### **Project Close Out/Upcoming Action Items**

The Performing Arts Center Management Office is currently in the final months of the close-out process in order to accomplish the final completion of the Project. This process involves closing out over \$49.0 million in purchase orders under the Project's Direct Purchase Program, reconciling PACB's construction contract per the close out procedures in the contract specifications, closing out any remaining issues under the Project's other contracts, and settling any remaining request for equitable adjustments (settlements) from the subcontractors. This process also includes the full demobilization of the trailer compound and the transmitting of all County inventories to storage or other County Departments.

The contract requires a number of additional items be completed prior to final approval. For the work with the subcontractors contracted directly with PACB, this includes items such as final Owner Control Insurance Program credits, warranties, release of surety, etc. To date, there are approximately seventy-two subcontractors directly contracted to PACB that are subject to this requirement. Of the 72 subcontracts, 21 have completed the process and have been closed and 14 will be closed by the Board's reading of this report. The remaining 37 subcontracts are in the process of submitting their required information.

The anticipated date to have this completed is March 15, 2007. The final budget numbers presented in this report are predicated on the assumption that staffing on the project will be maintained through the end of March, with limited participation by key representatives on an as needed basis after March, 2007. It is important to note that even though the Project site will be fully demobilized and the Project staff reassigned to other County departments, there will still be the need for administration of the final pay applications and construction issues that will arise before final acceptance of the buildings. With the completion of the American Airlines Arena, these administration issues and lingering construction issues continued for over several months after project completion. The key individuals involved in these areas will be available to resolve any pending issues.

Only two additional action items will need Board approval. The first item, Change Order 88, is on today's agenda for \$12.5 million to settle the final requests for equitable adjustments.

The final action item will be a close-out change order that will not require any additional funding. This will close out PACB's contract in order to reconcile internal accounting. The estimate for the final project budget is \$472.971 million with a total construction budget of \$372.119 million, including direct material purchases.

**Community Small Business Enterprise (CSBE) Participation Status**

PACB has exceeded the 10% CSBE subcontractor goal under the construction management portion of the contract by awarding \$5,875,676.46 or 11.57% to CSBE firms.

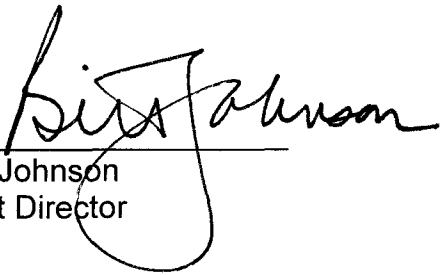
PACB has successfully achieved 18.92% (through the December 2006 Monthly Utilization Report or MUR) of the 19.11% CSBE subcontractor goal for the construction portion of the Project. PACB has assured DBD that by receipt of the Final MUR the remaining balance of \$362,837, or .17% of the 19.11% CSBE subcontractor goal will be met.

It is also important to note that six subcontractors have open wage violations. The Project team will resolve these wage violations before final close out of their contracts. If any wage violation is not resolved, the outstanding amounts will be deducted from their contract and paid directly to DBD.

**Comprehensive Employment Strategy Agreement (CESA)**

PACB has exceeded its new hire goal of 200 by 183% by hiring 367 local residents from the four established priority zones:

1. Residents in the County's Empowerment Zones (Central Business District & Seaport and Overtown Neighborhood);
2. Residents equally of Miami-Dade County's Quality Neighborhood Improvement Program Zone 1, and within the City of Miami to those residents of the Community Development Block Grant (CDBG) and the Community Revitalization Districts (Overtown and Wynwood);
3. Qualified unemployed, under-employed and residents of the City of Miami eligible for HUD Section 3 assistance, and thereafter to qualified unemployed and under-employed and Section 3 residents of unincorporated Miami-Dade County and the incorporated municipalities in Miami-Dade County;
4. Qualified residents outside the above-described areas.



Bill Johnson  
Port Director